

Message Text

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51

ACTION AF-06

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAM-01

EUR-12 EB-07 COME-00 OMB-01 CIEP-01 TRSE-00 AID-05

OPIC-03 /082 W

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FM AMCONSUL LUANDA

TO SECSTATE WASHDC 3666

C O N F I D E N T I A L LUANDA 0736

E.O. 11652: GDS

TAGS: EINV EFIN AO

SUBJECT: THE BANKERS' MEETING

1. REPRESENTATIVES OF ANGOLA'S COMMERCIAL BANKS MET JUNE 6 TO DISCUSS MUTUAL PROBLEMS. THE MEETING WAS ATTENDED BY THE BANK OF ANTOLA'S LOCAL CHIEF, DR CARMONA.

2. THE BANKERS TOOK DR CARMONA TO TASK FOR THE BANK OF ANGOLA'S REFUSAL TO ACCEPT THE PRESENT EXCESS OF CASH IN LOCAL BANK VAULTS. HE ADMITTED THE BANK OF ANGOLA WAS NOT ACCEPTING CASH AND DEFENDED THE POLICY ON THE GROUNDS HIS VAULTS WERE STUFFED AND HE IS WORRIED THAT THE LIB GROUPS MIGHT DISCOVER A CLASSICAL METHOD OF INSURGENCY FINANCING, BANK HEISTS. THE OTHER BANKERS SAID VERY WELL BUT THEY HAD THE SAME WORRY. (FROM A LIQUIDITY PROBLEM A SHORT TIME AGO, ANGOLA IS NOW AWASH IN CASH. THE BANKNOTE COMPONENT OF THE MONEY SUPPLY HAS MORE THAN DOUBLED SINCE JANUARY 1, 1974.)

3. BRANCH BANKING IN THE NORTH AND CENTRAL INTERIOR REGIONS IS CONTRACTING RAPIDLY, AND THIS BOTH AN EFFECT AND A CAUSE OF WHITE BUSINESS FAILURES IN RURAL AREAS.

4. MUCH OF ANGOLA'S CASH IS IN HOARDING AND BANKS HERE
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ARE WORRIED THAT WHEN IT COMES OUT OF THE MATTRESSES

THE RESULT WILL BE ROCKETING INFLATION AND IRRESISTABLE
PRESSURE TO DEVALUE.
PORTER

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NNN

Message Attributes

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